

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion to Determine Whether the Aliso Canyon Natural Gas Storage Facility has Remained Out of Service for Nine or More Consecutive Months Pursuant to Public Utilities Code Section 455.5(a) and Whether any Expenses Associated with the Out of Service Plant Should be Disallowed from Southern California Gas Company's Rates.

FILED
PUBLIC UTILITIES COMMISSION
MARCH 2, 2017
DAVIS, CALIFORNIA
INVESTIGATION 17-03-002

ORDER INSTITUTING INVESTIGATION

Summary

This Order Instituting Investigation (OII) is opened on the Commission's own motion pursuant to California Public Utilities (Pub. Util.) Code § 455.5(c) and Rule 5.1 of the Commission's Rules of Practice and Procedure.¹ The purpose of this OII is to determine whether the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon) has remained out of service for nine consecutive months pursuant to Pub. Util. Code § 455.5(a); and if found to be out of service, whether the Commission should disallow all costs related to Aliso Canyon from the rates of Southern California Gas Company (SoCalGas).

¹ Unless noted otherwise, all future references to rules refer to the Commission's Rules of Practice and Procedure.

SoCalGas, the operator of Aliso Canyon, is named as a respondent to this OII. Responses to the proposed scope, schedule, and need for hearings are due 30 days after adoption of this OII by the Commission. The assigned Administrative Law Judge in this proceeding will set a Prehearing Conference as soon as practicable after receiving responses.

Pursuant to Pub. Util. Code § 455.5(b), the Commission will determine whether SoCalGas should be required to refund Aliso Canyon related costs that it has recovered since the gas leak on October 23, 2015. This OII also requires SoCalGas to continue monitoring all normal, business-as-usual costs to own and operate Aliso Canyon in a memorandum account as required by Decision 16-03-031. The hearing on the investigation of whether Aliso Canyon has been out of service for nine consecutive months pursuant to Pub. Util. Code § 455.5(a) will be consolidated with SoCalGas' next general rate proceeding.²

1. Background

Public Utilities (Pub. Util.) Code § 455.5(a)³ provides in relevant part that the Commission may eliminate consideration of the value of any facility that remains out of service for nine or more consecutive months and may disallow expenses which are related to the out of service facility, to be recovered through rates collected from customers by the utility that operates such facility. Pub. Util. Code § 455.5(b) mandates that the regulated utility immediately notify the Commission when any portion of the facility is out of service for nine

² See, Pub. Util. Code § 455.5(c).

³ The entire text of Pub. Util. Code § 455.5 is included in Attachment A.

consecutive months.⁴ Pub. Util. Code § 455.5(c) requires that the Commission open an Order Instituting Investigation (OII) to determine whether to reduce the rates of the utility to reflect the portion of the facility which is out of service.⁵ Pub. Util. Code § 455.5(c) also states in relevant part that the Commission “shall consolidate the hearing on the investigation with the next general rate proceeding instituted for the corporation.”

1.1. Aliso Canyon Leak

On October 23, 2015, Aliso Canyon, operated by SoCalGas, began to leak natural gas from its underground storage facility located near Porter Ranch, California. Upon discovery and reporting of the leak, multiple agencies began to work with SoCalGas to remedy the situation and investigate its cause. Since

⁴ Southern California Gas Company (SoCalGas) notified the Commission by letter dated January 13, 2017, indicating that although SoCalGas does not believe that Aliso Canyon Natural Gas Storage Facility (Aliso Canyon) is out of service, SoCalGas is providing notice to the Commission out of an abundance of caution. In the case of a gas storage facility, a facility qualifies for a notice under this section if the storage facility is not available to inject or withdraw gas at a rate of at least 25% of the capacity of the equipment. (*See*, Decision (D.) 07-09-021.) Although SoCalGas contends that Aliso Canyon is not out of service, SoCalGas indicated in its January 13, 2017 letter that “[s]hould the Commission believe that the provisions of Section 455.5 do apply to portions of the Aliso Canyon facility, SoCalGas reserves the right to request that the Commission designate those portions of the Aliso Canyon facility as ‘plant held for future use.’” Ordering Paragraph (OP) Number (No.) 2 of D.07-09-021 states, “We adopt the following Section 455.5 definition for gas utilities: For gas utilities a ‘major generation or production facility’ for purposes of the requirements of Pub. Util. Code § 455.5 is a facility representing at least 25% of the utility’s storage capacity. A ‘major generation or production facility’ for this purpose includes a gas storage field.”

⁵ Typically rates associated with an out-of-service facility are subject to refund from the date of the OII. However, D.16-03-031 notified SoCalGas that rates may be subject to refund effective March 17, 2016.

December 10, 2015, SoCalGas has been precluded from injecting natural gas at Aliso Canyon.⁶

On January 6, 2016, Governor Brown declared a state of emergency⁷ and set forth several orders to help mitigate damage, including requiring SoCalGas to maximize daily withdrawals of gas for use or storage elsewhere, a prohibition of any further injection into the storage facility until comprehensive review of the safety of the wells and the air quality of the surrounding community was completed, ensuring that SoCalGas bears responsibility for the costs related to the natural gas leak and strengthening oversight. On February 18, 2016, state officials announced that the gas leak was permanently sealed.⁸

1.2. Other Commission Actions and Proceedings

Since first noticed of the gas leak, the Commission has taken many actions within its jurisdiction as set forth below:

- (1) The Commission's Safety and Enforcement Division (SED) is investigating the cause of the leaks, as well as actions taken before and after the well leak was discovered on October 23, 2015, including whether proper public notification was provided. SED is also investigating issues related to the maintenance of Aliso Canyon in general. At the conclusion of the investigation, the Commission will have several enforcement options, depending upon what violations, if any, are identified. The options can include issuance of a

⁶ Department of Conservation's Division of Oil Gas and Geothermal Resources (DOGGR) Order Number 1106. Aliso Canyon is SoCalGas' largest underground storage facility, which has a working capacity of 86.2 billion cubic feet before the shutdown.

⁷ Governor Edmund G. Brown Jr.'s Emergency Order (January 6, 2016).

⁸ Department of Conservation News Release (NR#2016-05) (February 18, 2016).

staff citation or opening a formal Commission proceeding to determine fines and penalties.

- (2) The Commission will address costs and cost responsibility related to the leak in a future proceeding. On December 23, 2015, the Executive Director of the Commission sent a letter to SoCalGas directing it to track all costs associated with its actions related to the leaking well and submit that cost information in a format that can be made publicly available.
- (3) On June 28, 2016, the Commission released the Staff Report on Aliso Canyon Availability and Reliability, as required by Senate Bill (SB) 380 (Pub. Util. Code § 715). In the report, staff made four determinations concerning reliability based inventory needs at Aliso, production capacity⁹ requirements, the number of wells needed for production and the current availability of production wells. The determinations relied upon historical data and a modeling of the operations of the SoCalGas system.
- (4) On February 9, 2017, the Commission opened an Order Instituting Investigation pursuant to SB 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon Natural Gas Storage Facility located in the County of Los Angeles while still maintaining the energy and electric reliability for the region.

1.3. Other Agency Actions and Jurisdiction

Regulation of natural gas storage facilities falls under the jurisdiction of multiple agencies. Because of the nature of the leak and its impact on public health, air quality and reliability, agencies such as the California Air Resources Board, the Division of Occupational Health and Safety, the Office of

⁹ Production capacity in the context of a natural gas storage facility represents a facility's storage capacity per D.07-09-021. *See*, two "For gas utilities a major generation or production facility for purposes of the requirements of Pub. Util. Code § 455.5 is a facility representing at least 25% of the utility's storage capacity."

Environmental Health Hazard Assessment, the Office of Emergency Services and the California Energy Commission are all playing a role.

DOGGR has primary jurisdiction over the well and is focusing an investigation on the mechanical and operational condition of the well to determine the cause of well failure and the subsequent natural gas leak. The Commission has jurisdiction of the above ground infrastructure beginning where the storage facility connects to the pipeline, or “at the wellhead.” In addition, the Commission has jurisdiction over the recovery of costs related to the storage facility as well as ensuring that SoCalGas provides safe, reliable service at just and reasonable rates. The Commission and DOGGR are conducting their respective investigations in parallel as part of a collaborative effort. The Commission and DOGGR jointly directed SoCalGas to retain an independent, third party to perform a technical root cause analysis of the well to protect against future failures.

1.3.1. Memorandum of Understanding

The Commission shares regulatory responsibility with DOGGR over different aspects of natural gas storage facilities. On December 15, 2016, the Commission approved a Memorandum of Understanding with DOGGR (Resolution L-515) to coordinate and clarify jurisdictional responsibilities and to allow for efficient and effective regulation of natural gas storage fields. The Memorandum of Understanding does not alter the statutory authority of either agency; rather it provides a framework for each agency to inform the work of the other.

2. Discussion

The customers of SoCalGas currently pay rates and charges that reimburse SoCalGas for its business-as-usual costs to own and operate a functional

Aliso Canyon.¹⁰ These costs include depreciation, rate-of-return, taxes, operations and maintenance, administrative and general, and all other direct and indirect costs that SoCalGas expends to own and operate Aliso Canyon. Current rates in effect do not include any costs incurred by SoCalGas in response to the Aliso Canyon gas leak because the Commission has not authorized SoCalGas to recover such costs.¹¹

In D.16-03-031, the Commission proactively took steps to protect the financial interests of the SoCalGas' customers. The Commission swiftly ordered SoCalGas to establish a memorandum account which required SoCalGas to track its authorized revenue requirement and all revenues that SoCalGas receives for its normal, business-as-usual costs to own and operate Aliso Canyon.¹² Additionally, the Commission placed SoCalGas on notice that "The Commission will determine at a later time whether, and to what extent, the tracked

¹⁰ In general, the revenue requirement for the normal, business-as-usual costs to own and operate Aliso Canyon is authorized by the Commission in general rate case proceedings, cost-of-capital proceedings, and other proceedings (e.g., D.13-11-023/ Application (A.) 09-09-020, among other things, authorized up to \$201 million for new compressors at Aliso Canyon). Every three years, in triennial cost allocation proceedings such as A.14-12-017 and A.15-07-014, the authorized revenue requirement is allocated among customer classes and embedded into the rates and charges paid by SoCalGas' customers. Once adopted, the rates and charges are then adjusted annually to true up the difference between the authorized revenue requirement and actual revenues.

¹¹ On December 23, 2015, the Commission's Executive Director instructed SoCalGas to track all of its costs for the Aliso Canyon gas leak, including efforts to stop the leak, replacement of lost gas, relocations of nearby residents, litigation and emergency response. (http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/News_and_Updates/12-23-15%20Southern%20California%20Gas%20Shall%20Provide%20Information%20to%20CPUC%20Concerning%20Costs%20Associated.pdf).

¹² OP 1 of D.16-03-031.

authorized revenue requirement and revenues should be refunded to ... customers with interest.”¹³

The Commission also addressed the issue of costs pertaining the Aliso Canyon incident in D.16-06-054, the *Decision Addressing the General Rate Cases of San Diego Gas & Electric Company and Southern California Gas Company and the Proposed Settlement*, which was issued on July 1, 2016. D.16-06-054 states that “SoCalGas is to separate out the costs related to the Aliso Canyon leak in its next GRC¹⁴ to ensure that none of those costs are reflected in the TY 2019 revenue requirement.”¹⁵ Furthermore, the Commission noted in Conclusion of Law Number 75 that in SoCalGas’ next GRC, SoCalGas must provide a separate itemization of all of the costs related to the gas leak at the SS-25 well at Aliso Canyon and to provide testimony on whether the costs attributable to the Aliso Canyon leak have affected SoCalGas’ funding request for its underground gas storage facilities.¹⁶

Although the Commission proactively acted to safeguard the financial interests of SoCalGas’ customers in D.16-03-031, as a procedural matter, we find it necessary to open this OII following SoCalGas’ January 13, 2017 letter. As noted above, SoCalGas sent this letter to the Commission pursuant to Pub. Util. Code § 455.5 to advise the Commission that Aliso Canyon may have been out of service for nine consecutive months.

¹³ OP 3 of D.16-03-031.

¹⁴ GRC stands for General Rate Case.

¹⁵ D.16-05-054 at 6.

¹⁶ D.16-05-054 at 324.

Pursuant to Pub. Util. Code § 455.5(c), the Commission “shall consolidate the hearing on the investigation with the next general rate case proceeding instituted for” SoCalGas. As a result of the consolidation, SoCalGas shall include in its next GRC application a discussion concerning whether Aliso Canyon has been out of service for nine consecutive months pursuant to Pub. Util. Code § 455.5. Additionally, SoCalGas shall be prepared to discuss in the GRC application the authorized revenue requirement and all revenues that SoCalGas receives for its normal, business-as-usual costs to own and operate Aliso Canyon as required by D.16-03-031.

Accordingly, we open this OII pursuant to Pub. Util. Code § 455.5 and Rule 5.1. This formal proceeding will allow the Commission to exercise its regulatory oversight and responsibilities in the best interest of SoCalGas’ customers.

3. Preliminary Issues

The primary issues for consideration are whether Aliso Canyon has been out of service for nine consecutive months pursuant to Pub. Util. Code § 455.5(a). If the evidence establishes that Pub. Util. Code § 455.5(a) applies to Aliso Canyon, the Commission will also determine to what extent SoCalGas’ rates should be refunded to customers for the business-as-usual costs of Aliso Canyon pursuant to Pub. Util. Code § 455.5(c) and D.16-03-031. Additionally, if Aliso Canyon has been out of service, the Commission will evaluate whether those portions of the facility that have been out of service may qualify for consideration as representing a plant held for future use. We will consider information from Commission staff, SoCalGas and others when making this determination. Pursuant to Pub. Util. Code § 455.5(c) the hearing on the investigation as to whether Aliso Canyon has been out of service and whether

SoCalGas' customers are therefore due a refund will be consolidated into the next GRC.

3.1. Scope

The preliminary issues the Commission anticipates in this matter are set forth below:

- (1) Has Aliso Canyon been out of service for nine consecutive months pursuant to Pub. Util. Code § 455.5(a)?
- (2) If Aliso Canyon has been out of service pursuant to Pub. Util. Code § 455.5(a) whether or not rate adjustments should be made?
- (3) If rates are adjusted, when should they start?
- (4) What should be the amount of the adjusted rates?
- (5) What should be the correct accounting of these adjusted rates?
- (6) If Aliso Canyon is out of service, should it be considered a plant held for future use?

3.2. Issues Out of Scope

The issues involving the Aliso Canyon gas leak are complex; this Commission and multiple other agencies have undertaken, or will undertake various actions to address the many facets of the leak. As such, it is useful to note particular issues that are outside the scope of this proceeding.

- (1) Air quality concerns or impacts, with the exception of the impact of the Aliso Canyon facility on meeting SB 32 mandates.
- (2) Any issues related to the cause of the natural gas leak or issues of culpability.
- (3) Any costs associated with discovery, damage and resolution of the natural gas leak, including who will bear responsibility for those costs.

- (4) Acute public health concerns as a result of the Aliso Canyon gas leak.
- (5) Any and all other issues outside of the jurisdiction of the Commission or that are or will be addressed through other Commission actions or proceedings.
- (6) The feasibility of minimizing or eliminating the use of Aliso Canyon Natural Gas Storage Facility.

3.3. Schedule

The preliminary schedule is set forth below.¹⁷ A final schedule will be adopted in the Assigned Commissioner's Scoping Memo in this case. The schedule may be modified by written ruling by the assigned Administrative Law Judge (ALJ) or the assigned Commissioner.

Item	Date
Responses to the OII	Thirty days after adoption by the Commission
Prehearing Conference	Within 30 days of receipt of responses
Scoping Memo	Within 30 days of prehearing conference
Prepared Testimony	Per the Scoping memo of the next GRC
Prepared Rebuttal Testimony	Per the Scoping memo to the next GRC
Hearings (if needed)	Per the Scoping memo to the next GRC
Opening Briefs	Per the Scoping memo to the next GRC
Reply Briefs	Per the Scoping memo to the next GRC
Proposed Decision	~90 days after Submission
Final Decision	~30 days from Proposed Decision

Pursuant to the authorization conferred by Pub. Util. Code § 1701.5(b), this proceeding may extend for 36 months beyond the date of this OII. The OII

¹⁷ The schedule is preliminary and subject to change. The schedule is also subject to change when this matter is consolidated with the GRC Application that will be filed at a later date.

presents many complex issues and may involve multiple parties. Additionally, because Pub. Util. Code § 455.5(c) mandates that the hearing on the investigation be consolidated with the next GRC, which remains to be filed, it is reasonable to adopt a 36-month timeframe for this proceeding.

4. Responses to the OII and Party Status

Southern California Gas Company, at 555 West 5th Street, GT14E7, Los Angeles, CA 90013, is a respondent to this OII. Other entities interested in participating in this OII may file a response to the preliminary scope, schedule and need for hearing determination within 30 days of adoption of this OII by the Commission. Entities that file responses will be granted party status.

5. Category and *Ex Parte* Communications

The proceeding is categorized as ratesetting. Pursuant to Rule 7.1(c); this determination is appealable under the procedures in Rule 7.6. *Ex parte* communications are governed by Pub. Util. Code § 1701.3 and Article 8 of the Commission's Rules of Practice and Procedure. Communication with the assigned ALJ shall occur either through formal filing or via written e-mail to the entire service list of this proceeding.

6. Need for Hearings

Pursuant to Rule 7.1(c), it is preliminarily determined that hearings will be needed in this proceeding. A final determination on the need for hearings will be made in the assigned Commissioner's Scoping Memo.

7. Notice and Distribution of OII

In the interest of broad notice, this OII will be served on the official service lists for the following dockets:

Application 14-11-003, Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2016.

Application 14-12-017, Triennial Cost Allocation Proceeding Phase 1 Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Natural Gas Rates Effective January 1, 2016.

Application 15-06-020, Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Curtailment Procedures.

Application 15-07-014, Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Natural Gas Rates Effective January 1, 2017, in this Triennial Cost Allocation Proceeding Phase 2.

Order Instituting Investigation 17-02-002, Order Instituting Investigation Pursuant to Senate Bill 380 to Determine the Feasibility of Minimizing or Eliminating the use of the Aliso Canyon Natural Gas Storage Facility.

Service of this OII does not confer party status or place a person or organization that has received such service on the Official Service List for this proceeding, except as otherwise noted (SoCalGas as respondent is automatically a party; entities that file responses to the OII will be conferred party status). To be placed on the service list, persons or entities should follow the instructions in Section 8, below.

8. Addition to the Official Service List

Additions to the official service list shall be governed by Rule 1.9(f).

Persons who file responsive comments to the OII will become parties to this proceeding and will be added to the “Parties” category of the official service list upon such filing. *In order to assure service of comments and other documents and correspondence in advance of obtaining party status, persons should promptly request addition to the “Information Only” category as described below.* They will be removed from that category upon obtaining party status.

Any person will be added to the “Information Only” category of the official service list upon request and will receive electronic service of all documents in the proceeding. Interested entities should request to be added to the service list promptly to ensure timely service of comments and other documents and correspondence in the proceeding. (*See* Rule 1.9(f).) The request must be sent to the Process Office by e-mail (process_office@cpuc.ca.gov) or letter (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California 94102). Please include the Docket number of this investigation in the request.

9. Subscription Service

Persons may monitor the proceeding by subscribing to receive electronic copies of documents in this proceeding that are published on the Commission’s website. There is no need to be on the official service list in order to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission’s website at <http://subscribecpuc.cpuc.ca.gov/>.

10. Filing and Service of Comments and Other Documents

Filing and service of comments and other documents in this proceeding are governed by the rules contained in article 1 of the Commission’s Rules of Practice and Procedure. (*See* particularly Rules 1.5 through 1.10 and 1.13.) If you have questions about the Commission’s filing and service procedures, contact the Docket Office (Docket_Office@cpuc.ca.gov) or check the Practitioner’s Page on our website at www.cpuc.ca.gov.

11. Public Advisor

Any person or entity interested in participating in this Rulemaking who is unfamiliar with the Commission’s procedures should contact the Commission’s

Public Advisor in San Francisco at (415) 703-2074 or (866) 849-8390 or e-mail public.advisor@cpuc.ca.gov. The TYY number is (866) 836-7825.

12. Intervenor Compensation

Any party that expects to claim intervenor compensation for its participation in this Investigation must file its notice of intent to claim intervenor compensation within 30 days of the filing of a response to the OIL, except that notice may also be filed within 30 days of the prehearing conference. Intervenor compensation rules are governed by § 1801 *et seq.* of the Public Utilities Code. Parties new to participating in Commission proceedings may contact the Public Advisor's office for assistance. Contact information is set forth in Section 11, above.

IT IS ORDERED that:

1. The Commission institutes this investigation on its own motion to determine whether the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon) has remained out of service for nine consecutive months pursuant to Public Utilities Code § 455.5(a); and if found to be out of service, whether to disallow all costs related to Aliso Canyon from the rates of Southern California Gas Company. The preliminary scope and schedule are set forth herein.
2. Southern California Gas Company at 555 West 5th Street, GT14E7, Los Angeles, CA 90013, is named as a respondent to this investigation.
3. Pursuant to the authorization conferred by Public Utilities Code § 1701.5(b), this Order Instituting Investigation adopts a 36-month timeframe.
4. Responses to the preliminary scope, schedule and determination on the need for hearings are due 30 days after the Commission adopts this Order Instituting Investigation.

5. Any entity that submits a response or reply will be conferred party status in this proceeding.

6. This Order Instituting Investigation is classified as ratesetting. Pursuant to Rule 7.1(c) of the Commission's Rules of Practice and Procedure (Rules), this determination is final but appealable under the procedures in Rule 7.6.

7. This Order Instituting Investigation preliminarily determines that hearings will be needed.

8. Pursuant to Public Utilities Code § 455.5(c), the Commission shall consolidate the hearing on the investigation pertaining to whether or not Aliso Canyon Natural Gas Storage Facility has been out of service for nine consecutive months and whether customers of Southern California Gas Company are therefore due a refund with Southern California Gas Company's next general rate case proceeding.

9. In the next general rate proceeding, Southern California Gas Company shall address the issues raised in this Order Instituting Rulemaking and be prepared to present testimony as appropriate.

10. Pursuant to Decision 16-03-031, Southern California Gas Company (SoCalGas) shall continue to maintain a memorandum account to track its authorized revenue requirement and all revenues that SoCalGas receives for its normal, business-as-usual costs to own and operate whether the Aliso Canyon Natural Gas Storage Facility.

11. The authorized revenue requirement and revenues tracked by the memorandum account established pursuant to Ordering Paragraph 1 in Decision 16-03-031 shall include actual and imputed revenues for Aliso Canyon Natural Gas Storage Facility related costs allocated to Southern California Gas Company and its customers.

12. The authorized revenue requirement and revenues tracked by the memorandum account established pursuant to Ordering Paragraph 1 in Decision 16-03-031 shall accrue interest and be subject to refund.

13. The Commission shall determine whether, and to what extent the tracked and authorized revenue requirements and revenues should be refunded to Southern California Gas Company's customers with interest during the next general rate case proceeding.

14. The Executive Director shall cause this Order Instituting Investigation to be served on the following service lists:

Application 14-11-003, Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2016.

Application 14-12-017, Triennial Cost Allocation Proceeding Phase 1 Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Natural Gas Rates Effective January 1, 2016.

Application 15-06-020, Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Curtailment Procedures.

Application 15-07-014, Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Natural Gas Rates Effective January 1, 2017, in this Triennial Cost Allocation Proceeding Phase 2.

Order Instituting Investigation 17-02-002, Order Instituting Investigation Pursuant to Senate Bill 380 to Determine the Feasibility of Minimizing or Eliminating the use of the Aliso Canyon Natural Gas Storage Facility.

15. *Ex Parte* communications in this investigation are governed by Public Utilities Code Section 1701.3 and Article 8 of the Commission's Rules of Practice and Procedure. Communications with the assigned Administrative Law Judge

shall occur either through formal filing or via e-mail written to the entire service list in this proceeding.

16. The assigned Administrative Law Judge shall set a Prehearing Conference and Public Participation Hearings in this proceeding as soon as practicable after the receipt of responses to the Order Instituting Investigation. The assigned Commissioner or Administrative Law Judge may adjust the schedule or scope identified herein as needed to promote the efficient and fair resolution of this investigation.

17. A party that expects to request intervenor compensation for its participation in this proceeding must file its notice of intent to claim intervenor compensation within 30 days of the filing of a response, except that notice may be filed within 30 days of a prehearing conference in the event that one is held (*See* Rule 17.1(a)(2) of the Commission's Rules of Practice and Procedure.)

This order is effective today.

Dated March 2, 2017, at Davis, California.

MICHAEL PICKER

President

CARLA J. PETERMAN

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

Commissioners

ATTACHMENT 1